

110TH CONGRESS
1ST SESSION

H. R. 1361

AN ACT

To improve the disaster relief programs of the Small
Business Administration, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) SHORT TITLE.—This Act may be cited as the
 3 “Relief for Entrepreneurs: Coordination of Objectives and
 4 Values for Effective Recovery Act of 2007” or the “RE-
 5 COVER Act”.

6 (b) TABLE OF CONTENTS.—The table of contents for
 7 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—PLANNING

Sec. 101. Comprehensive disaster response plan.
 Sec. 102. Annual disaster simulation exercise.
 Sec. 103. Disaster reserve corps.
 Sec. 104. Plans to secure additional office space.
 Sec. 105. Coordination of disaster assistance programs with FEMA.
 Sec. 106. Associate Administrator for Disaster Assistance.

TITLE II—LENDING

Sec. 201. Incidents of National Significance.
 Sec. 202. Information tracking and follow-up system.
 Sec. 203. Immediate Disaster Assistance program.
 Sec. 204. Increased deferment period.
 Sec. 205. Revised repayment terms.
 Sec. 206. Revised disbursement process.
 Sec. 207. Revised collateral requirements.
 Sec. 208. Enhanced lending authority for private lenders.
 Sec. 209. Disaster processing redundancy.
 Sec. 210. Grant program.
 Sec. 211. Hurricane Assistance Replacement Grant program.
 Sec. 212. Increase legislative limit.
 Sec. 213. Net earnings clauses prohibited.
 Sec. 214. Economic injury disaster loans to nonprofits.
 Sec. 215. Applicants that will constitute a major source of employment due to
 changed economic circumstances.
 Sec. 216. Preliminary application process for assistance for small business con-
 cerns with essential employees ordered to serve on active duty
 in the Armed Forces.
 Sec. 217. Economic injury disaster loans in cases of ice storms and blizzards.
 Sec. 218. Report regarding lack of snow fall.
 Sec. 219. Gulf Coast Disaster Loan Refinancing program.

TITLE III—OVERSIGHT

Sec. 301. Reports on disaster assistance.

TITLE I—PLANNING

SEC. 101. COMPREHENSIVE DISASTER RESPONSE PLAN.

The Small Business Act is amended by redesignating section 37 as section 99 and by inserting after section 36 the following:

“SEC. 37. COMPREHENSIVE DISASTER RESPONSE PLAN.

“(a) PLAN REQUIRED.—The Administrator shall develop, implement, and maintain a comprehensive written disaster response plan. The plan shall include the following:

“(1) For each region of the Administration, a description of the disasters most likely to occur in that region.

“(2) For each disaster described under paragraph (1)—

“(A) an assessment of the disaster;

“(B) an assessment of the demand for Administration assistance most likely to occur in response to the disaster;

“(C) an assessment of the needs of the Administration, with respect to such resources as information technology, telecommunications, human resources, and office space, to meet the demand referred to in subparagraph (B); and

1 “(D) guidelines pursuant to which the Ad-
2 ministration will coordinate with other Federal
3 agencies and with State and local authorities to
4 best respond to the demand referred to in sub-
5 paragraph (B) and to best use the resources re-
6 ferred to in that subparagraph.

7 “(b) COMPLETION; REVISION.—The first plan re-
8 quired by subsection (a) shall be completed not later than
9 180 days after the date of the enactment of this section.
10 Thereafter, the Administrator shall update the plan on an
11 annual basis and following any incident of national signifi-
12 cance (as declared by the President or his designee).

13 “(c) KNOWLEDGE REQUIRED.—The Administrator
14 shall carry out subsections (a) and (b) through an indi-
15 vidual with substantial knowledge in the field of disaster
16 readiness and emergency response.

17 “(d) REPORT.—The Administrator shall include a re-
18 port on the plan whenever the Administrator submits the
19 report required by section 47(a).”.

20 **SEC. 102. ANNUAL DISASTER SIMULATION EXERCISE.**

21 The Small Business Act is amended by inserting after
22 section 37 (as added by section 101) the following:

23 **“SEC. 38. ANNUAL DISASTER SIMULATION EXERCISE.**

24 “(a) EXERCISE REQUIRED.—The Administrator shall
25 conduct a disaster simulation exercise at least once each

1 fiscal year. The exercise shall include the participation of,
 2 at a minimum, not less than half of the individuals in the
 3 disaster reserve corps and shall test, at maximum capac-
 4 ity, all of the information technology and telecommuni-
 5 cations systems of the Administration that are vital to the
 6 activities of the Administration during such a disaster.

7 “(b) REPORT.—The Administrator shall include a re-
 8 port on the disaster simulation exercise whenever the Ad-
 9 ministration submits the report required by section
 10 47(a).”.

11 **SEC. 103. DISASTER RESERVE CORPS.**

12 The Small Business Act is amended by inserting after
 13 section 38 (as added by section 102) the following:

14 **“SEC. 39. DISASTER RESERVE CORPS.**

15 “(a) CORPS REQUIRED.—The Administrator shall
 16 maintain within the Administration a disaster reserve
 17 corps, the purpose of which is to perform the functions
 18 of the Administration related to disaster response. The
 19 corps shall consist of at least 1,000 individuals, each of
 20 whom—

21 “(1) does not ordinarily have the duties of a
 22 full-time officer or employee of the Administration;
 23 but

24 “(2) is able to assume duties related to disaster
 25 response when the Administrator so requires.

1 “(b) TRAINING.—The Administrator shall ensure
2 that each individual in the corps receives training each
3 year in one or more functions relating to disaster response.
4 To the maximum extent practicable, the function in which
5 an individual is trained in one year shall be different from
6 the function in which the individual was trained in prior
7 years.

8 “(c) GEOGRAPHIC DISTRIBUTION.—The Adminis-
9 trator shall ensure that not more than 30 percent of the
10 individuals in the corps reside in any one region of the
11 Administration.

12 “(d) REPORT.—The Administrator shall include a re-
13 port on the corps whenever the Administration submits
14 the report required by section 47(a).”.

15 **SEC. 104. PLANS TO SECURE ADDITIONAL OFFICE SPACE.**

16 The Small Business Act is amended by inserting after
17 section 39 (as added by section 103) the following:

18 **“SEC. 40. PLANS TO SECURE ADDITIONAL OFFICE SPACE.**

19 “(a) PLANS REQUIRED.—The Administrator shall
20 develop long-term plans to secure additional office space
21 to accommodate an expanded workforce in times of dis-
22 aster.

23 “(b) REPORT.—The Administrator shall include a re-
24 port on the plans whenever the Administration submits
25 the report required by section 47(a).”.

1 **SEC. 105. COORDINATION OF DISASTER ASSISTANCE PRO-**
2 **GRAMS WITH FEMA.**

3 The Small Business Act is amended by inserting after
4 section 40 (as added by section 104) the following:

5 **“SEC. 41. COORDINATION OF DISASTER ASSISTANCE PRO-**
6 **GRAMS WITH FEMA.**

7 “(a) COORDINATION REQUIRED.—The Administrator
8 shall ensure that the disaster assistance programs of the
9 Administration are coordinated, to the maximum extent
10 practicable, with the disaster assistance programs of the
11 Federal Emergency Management Agency.

12 “(b) REGULATIONS REQUIRED.—The Administrator,
13 in consultation with the Director of the Federal Emer-
14 gency Management Agency, shall establish regulations to
15 ensure that each application for disaster assistance is sub-
16 mitted as quickly as practicable to the Administration or
17 directed to the appropriate agency under the cir-
18 cumstances.

19 “(c) COMPLETION; REVISION.—The initial regula-
20 tions shall be completed not later than 270 days after the
21 date of the enactment of this section. Thereafter, the regu-
22 lations shall be revised on an annual basis.

23 “(d) REPORT.—The Administrator shall include a re-
24 port on the regulations whenever the Administration sub-
25 mits the report required by section 47(a).”.

1 **SEC. 106. ASSOCIATE ADMINISTRATOR FOR DISASTER AS-**
2 **SISTANCE.**

3 The Small Business Act is amended by inserting after
4 section 41 (as added by section 105) the following:

5 **“SEC. 42. ASSOCIATE ADMINISTRATOR FOR DISASTER AS-**
6 **SISTANCE.**

7 “(a) IN GENERAL.—There is established in the Ad-
8 ministration an Associate Administrator for Disaster As-
9 sistance, appointed by the President by and with the ad-
10 vice and consent of the Senate, from among individuals
11 who have—

12 “(1) proven management ability; and

13 “(2) substantial knowledge in the field of dis-
14 aster readiness and emergency response.

15 “(b) DIRECTOR OF DISASTER PLANNING.—

16 “(1) APPOINTMENT.—There is established in
17 the Administration a Director for Disaster Planning,
18 appointed by the Administrator from among the per-
19 sonnel of the Administration.

20 “(2) DUTIES.—Subject to the authority, direc-
21 tion, and control of the Associate Administrator for
22 Disaster Assistance, the Director shall—

23 “(A) develop and implement the Adminis-
24 tration’s plans for responding to disasters; and

25 “(B) direct the Administration’s training
26 exercises with respect to disasters.

1 “(3) COORDINATION.—In carrying out the du-
2 ties under paragraph (2), the Director shall coordi-
3 nate with—

4 “(A) the Associate Administrator for the
5 Office of Disaster Assistance of the Administra-
6 tion;

7 “(B) the Director of the Federal Emer-
8 gency Management Agency; and

9 “(C) other Federal, State, and local dis-
10 aster planning offices, as necessary.

11 “(c) DIRECTOR OF DISASTER LENDING.—

12 “(1) APPOINTMENT.—There is established in
13 the Administration a Director for Disaster Lending,
14 appointed by the Administrator from among the per-
15 sonnel of the Administration.

16 “(2) DUTIES.—Subject to the authority, direc-
17 tion, and control of the Associate Administrator for
18 Disaster Assistance, the Director shall direct all as-
19 pects of the disaster lending program under section
20 7(b).

21 “(d) RESOURCES.—The Administrator shall ensure
22 that the Associate Administrator for Disaster Assistance,
23 the Director of Disaster Planning, and the Director of
24 Disaster Lending have adequate resources to carry out the
25 duties under this section.”.

TITLE II—LENDING

2 SEC. 201. INCIDENTS OF NATIONAL SIGNIFICANCE.

3 (a) DISASTER LOANS TO PRIVATE NONPROFIT OR-
4 GANIZATIONS.—Section 7(b)(2) of the Small Business Act
5 (15 U.S.C. 636(b)(2)) is amended—

6 (1) in subparagraph (D) by striking the period
7 at the end and inserting “; or”; and

8 (2) by inserting after subparagraph (D) the fol-
9 lowing:

10 “(E) an incident of national significance,
11 as declared by the President or his designee, in
12 which case assistance under this paragraph may
13 be provided, subject to the other applicable re-
14 quirements of this paragraph, to a private non-
15 profit organization (as that term is defined in
16 section 29(a)(2)) that is located in an area af-
17 fected by the incident of national significance.”.

18 (b) MITIGATION LOANS TO SMALL BUSINESS CON-
19 CERNS.—Section 7 of the Small Business Act (15 U.S.C.
20 636) is amended by inserting after subsection (d) the fol-
21 lowing:

22 “(e) DISASTER MITIGATION LOANS.—

23 “(1) AUTHORITY.—The Administrator may
24 make or guarantee a mitigation loan to a small busi-
25 ness concern that receives a loan under section

1 7(b)(1)(A) for the damage or destruction, by reason
2 of an incident of national significance (as declared
3 by the President or his designee), of property owned
4 by the small business concern.

5 “(2) AMOUNT OF LOAN.—The amount of a loan
6 under paragraph (1) shall not exceed 20 percent of
7 the total amount of the cost of the damage or de-
8 struction referred to in paragraph (1). The total
9 amount shall be calculated without regard for any
10 costs for which the small business concern is reim-
11 bursed under any insurance policy or otherwise.”.

12 (c) APPLICABILITY FOR FISCAL YEAR 2006 TO HUR-
13 RICANES KATRINA, RITA, AND WILMA.—

14 (1) IN GENERAL.—For fiscal year 2006, the
15 Administrator—

16 (A) may carry out subsection (e) of section
17 7 of the Small Business Act (as added by sub-
18 section (b) of this section) with respect to a pri-
19 vate nonprofit organization that was located, as
20 of August 28, 2005, in a hurricane-affected
21 area; and

22 (B) may carry out such subsection (e) with
23 respect to a small business concern that was lo-
24 cated, as of August 28, 2005, in a hurricane-
25 affected area, for damage or destruction by rea-

1 son of Hurricane Katrina, Hurricane Rita, or
 2 Hurricane Wilma.

3 (2) HURRICANE-AFFECTED AREA DEFINED.—In
 4 this section, the term “hurricane-affected area”
 5 means a county or parish in the State of Alabama,
 6 Florida, Mississippi, Louisiana, or Texas, that has
 7 been designated by the Administrator of the Small
 8 Business Administration as a disaster area by rea-
 9 son of Hurricane Katrina, Hurricane Rita, or Hurri-
 10 cane Wilma under disaster declaration 10176,
 11 10177, 10178, 10179, 10180, 10181, 10203, 10204,
 12 10205, 10206, 10222, or 10223.

13 **SEC. 202. INFORMATION TRACKING AND FOLLOW-UP SYS-**
 14 **TEM.**

15 The Small Business Act is amended by inserting after
 16 section 42 (as added by section 106) the following:

17 **“SEC. 43. INFORMATION TRACKING AND FOLLOW-UP SYS-**
 18 **TEM FOR DISASTER ASSISTANCE.**

19 “(a) SYSTEM REQUIRED.—The Administrator shall
 20 develop, implement, and maintain a centralized informa-
 21 tion system to track communications between personnel
 22 of the Administration and applicants for disaster assist-
 23 ance. The system shall ensure that whenever an applicant
 24 for disaster assistance communicates with such personnel

1 on a matter relating to the application, the following infor-
2 mation is recorded:

3 “(1) The method of communication.

4 “(2) The date of communication.

5 “(3) The identity of the personnel.

6 “(4) A summary of the subject matter of the
7 communication.

8 “(b) FOLLOW-UP REQUIRED.—The Administrator
9 shall ensure that an applicant for disaster assistance re-
10 ceives, by telephone, mail, or electronic mail, follow-up
11 communications from the Administration at all critical
12 stages of the application process, including the following:

13 “(1) When the Administration determines that
14 additional information or documentation is required
15 to process the application.

16 “(2) When the Administration determines
17 whether to approve or deny the loan.

18 “(3) When the primary contact person man-
19 aging the loan application has changed.”.

20 **SEC. 203. IMMEDIATE DISASTER ASSISTANCE PROGRAM.**

21 The Small Business Act is amended by inserting after
22 section 43 (as added by section 202) the following:

23 **“SEC. 44. IMMEDIATE DISASTER ASSISTANCE PROGRAM.**

24 “(a) PROGRAM REQUIRED.—The Administrator shall
25 carry out a program, to be known as the Immediate Dis-

1 aster Assistance program, under which the Administration
 2 participates on a deferred (guaranteed) basis in 85 per-
 3 cent of the balance of the financing outstanding at the
 4 time of disbursement of the loan if such balance is less
 5 than or equal to \$25,000 for businesses affected by a dis-
 6 aster.

7 “(b) ELIGIBILITY REQUIREMENT.—To receive a loan
 8 guaranteed under subsection (a), the applicant must also
 9 apply for, and meet basic eligibility standards for, a loan
 10 under section 7(b).

11 “(c) USE OF PROCEEDS.—A person who receives a
 12 loan under section 7(b) must use the proceeds of that loan
 13 to repay all loans guaranteed under subsection (a), if any,
 14 before using the proceeds for any other purpose.

15 “(d) APPROVAL OR DISAPPROVAL.—The Adminis-
 16 trator shall ensure that each applicant for a loan under
 17 the program receives a decision approving or disapproving
 18 of the application within 36 hours after the Administra-
 19 tion receives the application.”.

20 **SEC. 204. INCREASED DEFERMENT PERIOD.**

21 Section 7 of the Small Business Act (15 U.S.C. 636)
 22 is amended by inserting after subsection (e) (as added by
 23 section 201(b)) the following:

24 “(f) ADDITIONAL REQUIREMENTS FOR 7(b)
 25 LOANS.—

1 “(1) INCREASED DEFERMENT AUTHORIZED.—

2 “(A) IN GENERAL.—In making loans
3 under section 7(b), the Administrator may pro-
4 vide, to the person receiving the loan, an option
5 to defer repayment on the loan.

6 “(B) PERIOD.—A deferment under sub-
7 paragraph (A) may not exceed 4 years.”.

8 **SEC. 205. REVISED REPAYMENT TERMS.**

9 Section 7 of the Small Business Act (15 U.S.C. 636)
10 is amended in subsection (f) by adding after paragraph
11 (1) (as added by section 204) the following:

12 “(2) REVISED REPAYMENT TERMS.—In making
13 loans under section 7(b), the Administrator—

14 “(A) shall not require repayment to be
15 made until 12 months after the date on which
16 the final disbursement of approved amounts is
17 made; and

18 “(B) shall calculate the amount of repay-
19 ment based solely on the amounts disbursed.”.

20 **SEC. 206. REVISED DISBURSEMENT PROCESS.**

21 Section 7 of the Small Business Act (15 U.S.C. 636)
22 is amended in subsection (f) by adding after paragraph
23 (2) (as added by section 205) the following:

1 “(3) REVISED DISBURSEMENT PROCESS.—In
2 making loans under section 7(b), the Administrator
3 shall disburse the loan amounts in stages as follows:

4 “(A) LOANS UP TO \$150,000.—If the total
5 amount approved is less than or equal to
6 \$150,000—

7 “(i) the first disbursement shall con-
8 sist of 40 percent of the total loan amount,
9 or a lesser percentage of the total loan
10 amount if the Administrator and the bor-
11 rower agree on such a lesser percentage;

12 “(ii) the second disbursement shall
13 consist of 50 percent of the amounts that
14 remain after the first disbursement, and
15 shall be made when the borrower has pro-
16 duced satisfactory receipts to demonstrate
17 the proper use of the first half of the first
18 disbursement; and

19 “(iii) the third disbursement shall
20 consist of the amounts that remain after
21 the preceding disbursements, and shall be
22 made when the borrower has produced sat-
23 isfactory receipts to demonstrate the prop-
24 er use of the first disbursement and the
25 first half of the second disbursement.

1 “(B) LOANS FROM \$150,000 TO \$500,000.—

2 If the total amount approved is more than
3 \$150,000 but less than or equal to \$500,000—

4 “(i) the first disbursement shall con-
5 sist of 20 percent of the total loan amount,
6 or a lesser percentage if the Administrator
7 and the borrower agree on such a lesser
8 percentage;

9 “(ii) the second disbursement shall
10 consist of 30 percent of the total loan
11 amount remaining after the first disburse-
12 ment, and shall be made when the bor-
13 rower has produced satisfactory receipts to
14 demonstrate the proper use of the first
15 half of the first disbursement;

16 “(iii) the third disbursement shall
17 consist of 25 percent of the total loan
18 amount remaining after the first and sec-
19 ond disbursements, and shall be made
20 when the borrower has produced satisfac-
21 tory receipts to demonstrate the proper use
22 of the first disbursement and the first half
23 of the second disbursement; and

24 “(iv) the fourth disbursement shall
25 consist of the amounts that remain after

1 the preceding disbursements, and shall be
2 made when the borrower has produced sat-
3 isfactory receipts to demonstrate the prop-
4 er use of the first and second disburse-
5 ments and the first half of the third dis-
6 bursement.

7 “(C) LOANS GREATER THAN \$500,000.—If
8 the total amount approved is more than
9 \$500,000—

10 “(i) the first disbursement shall con-
11 sist of at least \$100,000, or a lesser
12 amount if the Administrator and the bor-
13 rower agree on such a lesser amount; and

14 “(ii) the number of disbursements
15 after the first, and the amount of each
16 such disbursement, shall be in the discre-
17 tion of the Administrator, but the amount
18 of each such disbursement shall be not less
19 than \$100,000.”.

20 **SEC. 207. REVISED COLLATERAL REQUIREMENTS.**

21 Section 7 of the Small Business Act is amended in
22 subsection (f) by adding after paragraph (3) (as added
23 by section 206) the following:

24 “(4) REVISED COLLATERAL REQUIREMENTS.—

25 In making a business loan under section 7(b), the

1 total approved amount of which is less than or equal
 2 to \$100,000, the Administrator shall not require the
 3 borrower to use the borrower's home as collateral.”.

4 **SEC. 208. ENHANCED LENDING AUTHORITY FOR PRIVATE**
 5 **LENDERS.**

6 The Small Business Act is amended by inserting after
 7 section 44 (as added by section 203) the following:

8 **“SEC. 45. ENHANCED LENDING AUTHORITY FOR PRIVATE**
 9 **LENDERS.**

10 “(a) PROGRAM AUTHORIZED.—The Administrator
 11 may, and during a period specified in subsection (b) shall,
 12 carry out a program under which the Administrator per-
 13 mits banks and other financial institutions to process, ap-
 14 prove, close, and service disaster loans under section 7(b)
 15 for a fee not to exceed 2 percent of the total loan amount.

16 “(b) PERIODS DURING WHICH PROGRAM IS RE-
 17 QUIRED.—The program under subsection (a) is required
 18 to be carried out during the following periods:

19 “(1) Any period of an incident of national sig-
 20 nificance (as declared by the President or his des-
 21 ignee).

22 “(2) Any period during which the average time
 23 for the Administration to approve disaster loans in
 24 response to any single disaster is 30 days or more.

1 “(c) EXCLUSION OF LENDERS.—If the number or
 2 rate of defaults on loans processed, approved, and closed
 3 by a lender under the program under subsection (a) are
 4 inordinate, as determined by the Administrator, the Ad-
 5 ministrator may do any one or more of the following:

6 “(1) Exclude the lender from participating in
 7 the program under subsection (a).

8 “(2) Exclude the lender from participating in
 9 the Preferred Lenders Program under section
 10 7(a)(2)(C)(ii).

11 “(d) FACTOR IN PREFERRED LENDERS PROGRAM.—
 12 In determining whether a lender is to be certified or recer-
 13 tified to participate in the Preferred Lenders Program
 14 under section 7(a)(2)(C)(ii), the Administrator may con-
 15 sider as a factor the following:

16 “(1) The loans processed, approved, and closed
 17 by the lender under the program under subsection
 18 (a).

19 “(2) The participation or non-participation of
 20 the lender in the program under subsection (a).”.

21 **SEC. 209. DISASTER PROCESSING REDUNDANCY.**

22 The Small Business Act is amended by inserting after
 23 section 45 (as added by section 208) the following:

1 **“SEC. 46. DISASTER PROCESSING REDUNDANCY.**

2 “(a) IN GENERAL.—The Administrator shall ensure
3 that the Administration has in place a facility for disaster
4 loan processing that, whenever the Administration’s pri-
5 mary facility for disaster loan processing becomes unavail-
6 able, is able to take over all disaster loan processing from
7 that primary facility within 2 days.

8 “(b) AUTHORIZATION OF APPROPRIATIONS.—There
9 are authorized to be appropriated to carry out this section
10 such sums as may be necessary.”.

11 **SEC. 210. GRANT PROGRAM.**

12 Section 7(b) of the Small Business Act (15 U.S.C.
13 636(b)) is amended by inserting immediately after para-
14 graph (3) the following:

15 “(4) GRANTS TO DISASTER-AFFECTED SMALL
16 BUSINESSES.—

17 “(A) IN GENERAL.—The Administrator
18 may make a grant of up to \$100,000 to a small
19 business concern that—

20 “(i) was located in a designated dis-
21 aster area affected by disaster declaration
22 10176, 10177, 10178, 10179, 10180,
23 10181, 10203, 10204, 10205, 10206,
24 10222, or 10233, and was located in a
25 county or parish that, as a result of Hurri-
26 canes Katrina, Rita, or Wilma of 2005, ex-

1 perienced a loss of at least 100 housing
2 units, experienced a loss of at least 1 per-
3 cent of available housing stock, and re-
4 quired Federal infrastructure assistance of
5 a least \$200,000;

6 “(ii) submits to the Administrator a
7 certification by the owner of the concern of
8 intent to reestablish the concern in the
9 same county or parish in which the busi-
10 ness was originally located, or in any other
11 county or parish described in clause (i);

12 “(iii) has applied for, and was rejected
13 for, a conventional disaster assistance loan
14 under section 7(b); and

15 “(iv) was in existence for at least 2
16 years before the date on which the applica-
17 ble disaster declaration was made.

18 “(B) PRIORITY.—In making grants under
19 this paragraph, the Administrator shall give
20 priority to a small business concern that the
21 Administrator determines is economically viable
22 but unable to meet short-term financial obliga-
23 tions.

24 “(C) DEFINITION.—In this paragraph, the
25 term ‘disaster-affected area’ means an area that

1 has been designated by the Administrator as a
2 disaster area.

3 “(D) AUTHORIZATION OF APPROPRIA-
4 TIONS.—There are authorized to be appro-
5 priated for grants under this paragraph such
6 funds as may be necessary.”.

7 **SEC. 211. HURRICANE ASSISTANCE REPLACEMENT GRANT**
8 **PROGRAM.**

9 (a) PROGRAM ESTABLISHED.—The Administrator
10 may carry out a program under which the Administrator
11 may, in the Administrator’s discretion, make grants to in-
12 dividuals who—

13 (1) are victims of a disaster under disaster dec-
14 laration 10176, 10177, 10178, 10179, 10180,
15 10181, 10203, 10204, 10205, 10206, 10222, or
16 10223; and

17 (2) receive (whether before, on, or after the
18 date of the enactment of this Act) 7(b) disaster as-
19 sistance because of that disaster.

20 (b) AUTHORIZATION OF APPROPRIATIONS.—There
21 are authorized to be appropriated such sums as may be
22 necessary to carry out this section.

23 (c) ELIGIBILITY.—An individual is eligible to receive
24 a grant under this section only if the individual—

1 (1) receives benefits (other than the 7(b) disaster assistance) because of the disaster; and

3 (2) is required to remit those benefits to the
4 Small Business Administration because of a duplication of benefits.

6 (d) AMOUNT.—The amount of a grant under this section to an individual shall not exceed the amount of the
8 benefits required to be remitted by the individual, as described in subsection (c).

10 (e) TIME.—The Administrator shall ensure that, to
11 the maximum extent practicable, a grant made under this
12 section is made—

13 (1) concurrent with the Administration’s receipt
14 of the remittance, if the remittance is made after the
15 date of the enactment of this Act; and

16 (2) as soon as possible after the Administration’s receipt of the remittance, in all other cases.

18 (f) TREATMENT OF GRANTS.—Grants made under
19 this section shall not be considered a duplication of benefits by the Administrator.

21 (g) DEFINITIONS.—In this section:

22 (1) The term “Administrator” means the Administrator of the Small Business Administration.

24 (2) The term “7(b) disaster assistance” means
25 assistance under paragraph (1) or (2) of section

1 7(b)(2) of the Small Business Act (15 U.S.C.
2 636(b)).

3 **SEC. 212. INCREASE LEGISLATIVE LIMIT.**

4 Section 7(b)(3)(E) of the Small Business Act (15
5 U.S.C. 636(b)(3)(E)) is amended by striking
6 “\$1,500,000” and inserting “\$3,000,000” both places
7 such term appears.

8 **SEC. 213. NET EARNINGS CLAUSES PROHIBITED.**

9 Section 7 of the Small Business Act is amended in
10 subsection (f) by adding after paragraph (4) (as added
11 by section 207) the following:

12 “(5) NET EARNINGS CLAUSES PROHIBITED.—

13 In making loans under section 7(b), the Adminis-
14 trator shall not require the borrower to pay any non-
15 amortized amount for the first 5 years after repay-
16 ment begins.”.

17 **SEC. 214. ECONOMIC INJURY DISASTER LOANS TO NON-**
18 **PROFITS.**

19 (a) IN GENERAL.—Section 7 of the Small Business
20 Act (15 U.S.C. 636) is amended in subsection (b)(2)—

21 (1) in the matter preceding subparagraph (A)—

22 (A) by inserting after “small business con-
23 cern” the following: “, private nonprofit organi-
24 zation,”; and

1 (B) by inserting after “the concern” the
 2 following: “, organization,”; and

3 (2) in subparagraph (D) by inserting after
 4 “small business concerns” the following: “, private
 5 nonprofit organizations,”.

6 (b) CONFORMING AMENDMENT.—Such section is fur-
 7 ther amended in subsection (c)(5)(C) by inserting after
 8 “business” the following: “, organization,”.

9 **SEC. 215. APPLICANTS THAT WILL CONSTITUTE A MAJOR**
 10 **SOURCE OF EMPLOYMENT DUE TO CHANGED**
 11 **ECONOMIC CIRCUMSTANCES.**

12 Section 7(b)(3)(E) of the Small Business Act (15
 13 U.S.C. 636(b)(3)(E)) is amended by inserting after “con-
 14 stitutes” the following: “, or will due to changed economic
 15 circumstances constitute,”.

16 **SEC. 216. PRELIMINARY APPLICATION PROCESS FOR AS-**
 17 **SISTANCE FOR SMALL BUSINESS CONCERNS**
 18 **WITH ESSENTIAL EMPLOYEES ORDERED TO**
 19 **SERVE ON ACTIVE DUTY IN THE ARMED**
 20 **FORCES.**

21 Section 7(b)(3) of the Small Business Act (15 U.S.C.
 22 636(b)(3)) is amended—

23 (1) in subparagraph (C)—

24 (A) by striking “90 days” and inserting “1
 25 year”; and

1 (B) by adding at the end the following:

2 “The Administrator may, when appropriate (as
3 determined by the Administrator), waive the
4 ending date specified in the preceding sentence
5 and provide a later ending date.”; and

6 (2) by adding at the end the following new sub-
7 paragraph:

8 “(G) The Administrator shall establish a proc-
9 ess under which a small business concern described
10 in subparagraph (B) may file a preliminary applica-
11 tion for assistance under this paragraph, accom-
12 panied by supporting documentation, before the date
13 on which the essential employee is ordered to active
14 duty. The Administrator may not actively consider
15 such an application or provide assistance to the
16 small business concern based on such an application
17 until the date on which the essential employee is or-
18 dered to active duty.”.

19 **SEC. 217. ECONOMIC INJURY DISASTER LOANS IN CASES OF**
20 **ICE STORMS AND BLIZZARDS.**

21 Section 3(k)(2) of the Small Business Act (15 U.S.C.
22 632(k)(2)) is amended—

23 (1) in subparagraph (A) by striking “and”;

24 (2) in subparagraph (B) by striking the period
25 at the end and inserting “; and”; and

1 (3) by adding at the end the following:

2 “(C) ice storms and blizzards.”.

3 **SEC. 218. REPORT REGARDING LACK OF SNOW FALL.**

4 Not later than 6 months after the date of enactment
5 of this Act, the Administrator of the Small Business Ad-
6 ministration shall conduct a study of, and submit a report
7 to the Committee on Small Business of the House of Rep-
8 resentatives and the Committee on Small Business and
9 Entrepreneurship of the Senate that describes—

10 (1) the ability of the Administrator to provide
11 loans under section 7(b)(2) of the Small Business
12 Act (15 U.S.C. 636(b)(2)) to small business con-
13 cerns that depend on high snow fall amounts and
14 sustain economic injury (as described under that
15 section) due to a lack of snow fall;

16 (2) the criteria the Administrator would use to
17 determine whether to provide a loan under section
18 7(b)(2) of the Small Business Act (15 U.S.C.
19 636(b)(2)) to a small business concern that has been
20 adversely affected by a lack of snow fall;

21 (3) other Federal assistance (including loans)
22 available to small business concerns that are ad-
23 versely affected by a lack of snow fall; and

24 (4) the history relating to providing loans under
25 section 7(b)(2) of the Small Business Act (15 U.S.C.

1 636(b)(2)) to small business concerns that have been
2 adversely affected by a lack of snow fall.

3 **SEC. 219. GULF COAST DISASTER LOAN REFINANCING PRO-**
4 **GRAM.**

5 (a) IN GENERAL.—The Administrator of the Small
6 Business Administration may carry out a program to refi-
7 nance Gulf Coast disaster loans.

8 (b) TERMS.—The terms of a Gulf Coast disaster loan
9 refinanced under the program shall be identical to the
10 terms of the original loan, except that the Administrator
11 may provide an option to defer repayment on the loan.
12 Such a deferment may not exceed 4 years after the date
13 on which the initial disbursement under the original loan
14 was made.

15 (c) AMOUNT.—The amount of a Gulf Coast disaster
16 loan refinanced under the program shall not exceed the
17 amount of the original loan.

18 (d) DISCLOSURE OF ACCRUED INTEREST.—When-
19 ever the Administrator provides an option to defer repay-
20 ment under subsection (b), the Administrator shall dis-
21 close the accrued interest that must be paid under the op-
22 tion.

23 (e) DEFINITION.—In this section, the term “Gulf
24 Coast disaster loan” means a loan—

1 (1) made under section 7(b) of the Small Busi-
2 ness Act;

3 (2) in response to Hurricane Katrina, Hurri-
4 cane Rita, or Hurricane Wilma of 2005; and

5 (3) for a small business located in a county or
6 parish designated by the Administrator as a disaster
7 area by reason of such Hurricane Katrina, Hurri-
8 cane Rita, or Hurricane Wilma under disaster dec-
9 laration 10176, 10177, 10178, 10179, 10180,
10 10181, 10203, 10204, 10205, 10206, 10222, or
11 10223.

12 (f) AUTHORIZATION OF APPROPRIATIONS.—There
13 are authorized to be appropriated such sums as may be
14 necessary to carry out this section.

15 **TITLE III—OVERSIGHT**

16 **SEC. 301. REPORTS ON DISASTER ASSISTANCE.**

17 The Small Business Act is amended by inserting after
18 section 46 (as added by section 209) the following:

19 **“SEC. 47. REPORTS ON DISASTER ASSISTANCE.**

20 “(a) ANNUAL REPORT REQUIRED.—Not later than
21 45 days after the end of a fiscal year, the Administrator
22 shall submit to the Committee on Small Business of the
23 Senate and the Committee on Small Business of the
24 House of Representatives a report on the disaster assist-

1 ance operations of the Administration for that fiscal year.

2 The report shall—

3 “(1) specify the number of Administration per-
4 sonnel involved in such operations;

5 “(2) describe any material changes to those op-
6 erations, such as changes to technologies used or to
7 personnel responsibilities;

8 “(3) describe and assess the effectiveness of the
9 Administration in responding to disasters during
10 that fiscal year, including a description of the num-
11 ber and amounts of loans made for damage and for
12 economic injury; and

13 “(4) describe the plans of the Administration
14 for preparing to respond to disasters during the next
15 fiscal year.

16 “(b) INCIDENTS OF NATIONAL SIGNIFICANCE.—Dur-
17 ing the period of an incident of national significance (as
18 declared by the President or his designee), the Adminis-
19 trator shall, on a monthly basis, submit to the committees
20 specified in subsection (a) a report on the disaster assist-
21 ance operations of the Administration with respect to that
22 incident of national significance. The report shall speci-
23 fy—

24 “(1) the number of applications distributed;

25 “(2) the number of applications received;

- 1 “(3) the average time for the Administration to
2 approve or disapprove an application;
3 “(4) the amount of disaster loans approved;
4 “(5) the average time for initial disbursement
5 of loan proceeds; and
6 “(6) the amount of disaster loan proceeds dis-
7 bursed.”.

Passed the House of Representatives April 18, 2007.

Attest:

Clerk.

110TH CONGRESS
1ST SESSION

H. R. 1361

AN ACT

To improve the disaster relief programs of the
Small Business Administration, and for other
purposes.